



STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Amended:	04/01/04	Bill No:	SB 1877
Tax:	Property	Author:	Committee on Revenue & Taxation
Board Position:		Related Bills:	

BILL SUMMARY

This bill would (1) delete a requirement that escape assessments for prior years be noted on the assessment roll and delete related obsolete sections of law, and (2) require the Board of Equalization to prescribe aircraft property statements and expand the types of information required.

ANALYSIS

Escape Assessments *Revenue and Taxation Code 533*

Current Law

Revenue and Taxation Code Section 533, in part, requires that escape assessments be noted on the roll for the current assessment year. If the escape assessment is for a prior year, then a specific notation is additionally required stating the year for which the escape assessment applies and the section of code under which the escape is being made. The assessor may note the escape assessment on either the hard copy of the roll or the electronic version of the roll.

The assessment roll generally lists the assessed value of all property located in the county for a particular fiscal year. Revenue and Taxation Code Section 1602 requires that the assessment roll, or a copy thereof, be made available for inspection by all interested parties during regular office hours. Sections 109.5 and 109.6 provide that the data included in the assessment roll may be electronically maintained so that no physical document need be prepared. But the data must be stored in a manner that can be made readily available to the public in an understandable form.

Proposed Law

This bill would amend Revenue and Taxation Code Section 533 to delete the requirement that escape assessments be noted on the assessment roll. It would also delete obsolete date specific language.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.

Background

Related Bills. SB 1059 (SR&T, Stats. 2003, Ch. 604) amended Section 533 to allow escape assessments to be noted on either a hard copy of the roll or an electronic copy. The reason for this amendment was that most counties have electronic assessment rolls, and it was not practical to make a specific notation on the assessment roll itself, which is basically a requirement intended for a physical paper format.

Comments

1. **Sponsor and Purpose.** The California Assessors' Association is sponsoring this provision because the amendment to Section 533 in 2003 did not benefit all counties. Some counties can not modify their electronically prepared assessment roll to list a specific phrase.
2. **Suggested Amendments.** Interested parties should be able to obtain information regarding escape assessment in some manner that is available to the public. Rather than eliminate both (1) the requirement to list escape assessments on the roll and (2) make a specific notation about that escape assessment, it is instead recommended that the law only require that assessors maintain this information, in some manner, that would be accessible to the public. Such an amendment would give assessors flexibility on how best to comply with this requirement within the structure of their systems and procedures. Further, because Section 534 currently references escape assessments placed on the assessment roll pursuant to Section 533, additional amendments would be needed to this section if the requirement to place escape assessments on the assessment roll is deleted.

Aircraft Assessments

Revenue and Taxation Code Section 5365

Current Law

General aircraft is annually reassessed each year at its current fair market value on the lien date. Revenue and Taxation Code Section 5365 requires aircraft owners to file an aircraft property statement upon request by the assessor. The statute specifies the information shall include "the make, model and year of manufacture of the aircraft." Assessors' Handbook Section 577 "Assessment of General Aircraft" provides detailed guidance on the taxation of aircraft. <http://www.boe.ca.gov/proptaxes/ahcont.htm>

Proposed Law

This bill would amend Revenue and Taxation Code Section 5365 to require the Board of Equalization to prescribe the aircraft property statement. Additionally, it would list additional information that taxpayers would be required to provide on the aircraft statement.

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Comments

1. **Sponsor and Purpose.** Board Member John Chiang is sponsoring this measure to ensure assessors can obtain information necessary to use Board-recommended aircraft valuation guides to value aircraft in the most cost-effective manner.
2. **Specific types of information about aircraft are needed to properly use commercially available aircraft value guides.** In valuing aircraft, the Board, pursuant to Section 5364 approves and recommends the use of certain commercially available aircraft valuation guides. These guides ensure uniformity in the valuation of aircraft in California for property tax purposes. However, to use the guides correctly, one must gather more data than the code currently requires. For instance, the total airframe hours, the total hours since last major overhaul, the total hours for each engine, and the engine make, model number, year of manufacture and horsepower are necessary to properly use these aircraft value guides. This bill would allow the Board to prescribe the aircraft property statement to collect the necessary data from aircraft owners.
3. **While the assessor can request the required information, there is no legal obligation for the taxpayer to provide it.** If the aircraft owner does not provide the information on the property statement, then assessor would need to physically inspect the aircraft. This is administratively costly and not a productive use of resources. Section 5367 provides a 10% penalty for a taxpayer's failure to report the required data under Section 5365 as an incentive to provide the necessary information. However, the penalty only applies to information specifically listed under Section 5365.

COST ESTIMATE

With respect to property taxes, the Board would incur insignificant costs in informing and advising local county assessors, the public, and staff of the law changes as well as updating various publications and the property statement. These costs are estimated to be under \$10,000.

REVENUE ESTIMATE

This bill has no revenue impact.

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